

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 IO-10 AID-05 SAM-01 CIAE-00 DODE-00

PM-03 H-02 INR-07 L-02 NSAE-00 NSC-05 PA-01 PRS-01

SP-02 SS-15 USIA-06 TRSE-00 EB-07 COME-00 SIL-01 /081 W
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R 010935Z APR 75
FM AMEMBASSY ANKARA
TO SECSTATE WASHDC 8602
INFO AMEMBASSY ATHENS
AMEMBASSY NICOSIA
AMCONSUL ADANA
AMCONSUL ISTANBUL
AMCONSUL IZMIR

CONFIDENTIAL ANKARA 2573

E.O. 11652: GDS
TAGS: EALR, EGEN, PINT, TU, CY
SUBJ: TURKEY AND THE ECONOMY OF THE FEDERATED TURKISH
CYPRIOT STATE (FTCS)

REF: A. ANKARA 356; B. NICOSIA 1142

SUMMARY: TURKEY HAS INAUGURATED AN AID PROGRAM FOR FTCS
CONFINED TO SUPPLYING TECHNICAL ASSISTANCE IN SELECTED AREAS OF
ECONOMIC ACTIVITY, AND THE PROGRAM MAY BE EXPANDED BY SUPPLY-
ING TURKISH CIVIL SERVICE EXPERTS TO ASSIST FTCS ON A BROAD
BASIS. FINANCING FOR THE ECONOMIC ACTIVITY IS TO BE SUPPLIED
BY LOANS FROM A TURKISH CYPRIOT HOLDING COMPANY JOINTLY WITH TURKISH
STATE ECONOMIC ENTERPRISES. THIS PROGRAM WAS ONLY RECENTLY
INAUGURATED. IT MAY BE REVISED BY THE DEMIREL GOVERNMENT
OR ITS ACTIVE PERSONNEL REPLACED. END SUMMARY.

1. TURKEY IS ESTABLISHING A TECHNICAL ASSISTANCE MISSION IN
FTCS UNDER AMBASSADOR ZIYA MUEZZINOGLU (FORMER MINISTER OF
FINANCE) IN HIS CAPACITY AS CHAIRMAN OF THE INTERMINISTERIAL
CYPRUS COORDINATING COMMITTEE. REPORTEDLY MUEZZINOGLU WAS
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RECENTLY GIVEN A FREE HAND BY PRIME MINISTER IRMAK TO SELECT

PERSONNEL FROM TURKISH CIVIL SERVICE RANKS. UEEZZINOGLU PICKED MUSTAFA YULUG TO HEAD THE MISSION IN NICOSIA. YULUG IS A CAPABLE SENIOR CIVIL SERVANT WITH SOME EXPERIENCE IN THE WORLD BANK IN WASHINGTON, BUT REPORTEDLY IS WEAK IN EXECUTIVE CAPABILITY: HE FINDS IT DIFFICULT TO MAKE DECISIONS.

2. AT PRESENT THE TECHNICAL ASSISTANCE MISSION IS CONCENTRATING IN THREE SPECIFIC AREAS: (A) LABOR LAW, EMPLOYMENT, AND SOCIAL SECURITY; (B) INDUSTRY; AND (C) TOURISM. OTHER ACTIVITIES ARE SCHEDULED TO BE DEVELOPED IN THE FUTURE. SENIOR LABOR MINISTRY OFFICIALS NURI UZEL AND TURAN ERSOY ARE ASSISTING FTCS IN WRITING A LABOR CODE, IN FUSING THE EXISTING ENGLISH STYLE SOCIAL SECURITY SYSTEM WITH THE TURKISH, AND IN DEVELOPING EMPLOYMENT POLICIES.

3. ORHAN KUTLUBAY, WITH BROAD CIVIL SERVICE AND FORMER PRIVATE ENTERPRISE EXPERIENCE, WAS SELECTED TO ASSIST IN THE DEVELOPMENT OF INDUSTRIAL ACTIVITIES. USING THE INVESTMENT OF THE JOINT HOLDING COMPANY, KUTLUBAY HAS BEEN CONCENTRATING IN FOUR INDUSTRIES: PLASTICS, COTTONSEED, ELECTRIC WIRE, AND JUICE CONCENTRATES. A PLASTICS FACTORY IS REPORTEDLY BACK IN FULL OPERATION AND ONE OF TURKEY'S BETTER JUICE FIRMS IS ASSISTING IN THE JUICE CONCENTRATES OPERATION.

4. NEJDET EZGU, ALSO A CIVIL SERVANT, HAS BEEN CHARGED WITH TRYING TO REKINDE TOURISM IN FTCS. HE HAS BEEN UNSUCCESSFUL SO FAR IN HIS EFFORTS TO PERSUADE THE BRITISH HALLWAYS CORPORATION TO ASSIST IN GETTING SOME OF THE HOTELS IN THE FAMAGUSTA AREA FUNCTIONING AGAIN.

5. THE TURKISH GOVERNMENT IS PLANNING TO MAKE AVAILABLE ON A LOAN BASIS COMPETENT PERSONNEL FROM THROUGHOUT THE TURKISH CIVIL SERVICE TO ASSIST THE TURKISH CYPRIOTS IN DEVELOPING THEIR ADMINISTRATION. ASSIGNMENTS ARE SCHEDULED TO BE FOR TWO YEARS. THE TURKISH STATE PLANNING OFFICE IS CURRENTLY DRAWING UP A PROVISIONAL ECONOMIC PLAN FOR FTCS TO BE SUPPLEMENTED BY ONE OR POSSIBLY TWO ANNUAL PROGRAMS. THIS IS TO BE TRANSITIONAL UNTIL A FIVE-YEAR DEVELOPMENT PLAN CAN BE DEVISED FOR FTCS SOMETIME IN 1976 OR 1977.

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6. HOWEVER, THE "ECONOMIC CENSUS" OF FTCS TAKEN EARLIER THIS YEAR HAS NOT BEEN COMPLETED. THE DELAY IS SAID TO HINGE UPON COMPUTER PRINT-OUT PROBLEMS. THE CENSUS RESULTS ARE SUPPOSED TO BE COMPLETED ABOUT APRIL 10 AND ARE TO BE PRINTED IN 80 COPIES ONLY; THEY ARE TO BE CLOSELY HELD. ON A PROVISIONAL BASIS IT WAS SUGGESTED THERE ARE 118,000 TURKISH CYPRIOTS IN FTCS AND THAT WHEN THE RECORDS ARE COMPLETED THE TOTAL WILL PROBABLY BE INCREASED TO 120,000. (FOR POLITICAL REASONS WE EXPECT THE

GOT TO CONTINUE TO MAINTAIN THAT THERE ARE AT LEAST 120,000
TURKISH CYPRIOTS IN FTCS.)

7. FOR A SHORT TIME LAST SUMMER AND EARLY FALL, SOME 3,000-
5,000 UNSKILLED TURKS WERE SENT FROM MERSIN TO ASSIST ESSENTIALLY
IN EASING LABOR PROBLEMS, E.G., PICKING ORANGES. THIS DID NOT
WORK OUT WELL AND AT PRESENT PRIORITY FOR EMPLOYMENT
IS BEING GIVEN TO THE TURKISH CYPRIOTS. THERE ARE REPORTEDLY NO
PLANS AT PRESENT FOR SENDING TURKISH LABOR FROM THE MAINLAND
EXCEPT FOR CERTAIN SKILL SHORTAGES.

8. COMMENT: MUEZZINOGLU WAS APPOINTED BY FORMER PRIME
MINISTER ECEVIT AND THE PEOPLE MUEZZINOGLU HAS SENT TO CYPRUS
THUS FAR ARE POLITICALLY LEFT OF CENTER. IT IS QUESTIONABLE HOW
LONG ALL OF THEM WILL BE CONTINUED IN THEIR JOBS BY THE DEMIREL
GOVERNMENT.

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC DEVELOPMENT, ECONOMIC GROWTH, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 01 APR 1975
Decapton Date: 01 JAN 1960
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ANKARA02573
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750112-0199
From: ANKARA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750495/aaaadikw.tel
Line Count: 132
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 ANKARA 356, 75 NICOSIA 1142
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 07 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07 MAY 2003 by BoyleJA>; APPROVED <08 MAY 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TURKEY AND THE ECONOMY OF THE FEDERATED TURKISH CYPRIOT STATE (FTCS)
TAGS: EALR, EGEN, PINT, TU, CY
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006